

Message Text

LIMITED OFFICIAL USE

PAGE 01 KINSHA 04246 291925Z
ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 AGRE-00 /092 W
-----117882 301457Z /43

R 291255Z APR 78
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 9440
INFO AMEMBASSY BRUSSELS
AMCONSUL BUKAVU
AMEMBASSY LONDON
AMCONSUL LUBUMBASHI
AMEMBASSY PARIS
USICA WASHDC

LIMITED OFFICIAL USE KINSHASA 4246

E.O. 11652: N/A
TAGS: ECON, EGEN, EALR, CG
SUBJECT: DOMESTIC PRICE TRENDS-QUARTERLY REVIEW

REF: 77 KINSHASA 11429

1. SUMMARY: BY THE END OF THE FIRST QUARTER OF 1978 PRICES IN KINSHASA HAD DROPPED SHARPLY FROM THEIR 1977 YEAR-END HIGHS. WHILE SOME COMMODITIES DID SHOW A PRICE INCREASE AS A RESULT OF NEW GOVERNMENT PRICING AND DEVELOPMENT POLICIES, MOST STAPLES MOVED DOWNWARD AS THE HARVEST BEGAN TO COME IN AND AS DEMAND RETURNED TO NORMAL LEVELS. THE LOWER LEVEL OF DEMAND RELATIVE TO THE HOLIDAY SEASON HIGHS IS ONLY A TEMPORARY PHENOMENON HOLDING DOWN PRICES, AND AS THE FULL EFFECTS ON THE HARVEST OF THE DROUGHT IN PARTS OF SOUTHWESTERN ZAIRE AND THE CONTINUING PROBLEMS WITH MANIOC BLIGHT AND MEALY BUGS BEGIN TO BE FELT THE KINSHASA CONSUMER CAN LOOK FORWARD TO AN UPSURGE IN INFLATION ON THE SAME
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KINSHA 04246 291925Z

SCALE AS LAST YEAR. END SUMMARY.

2. AFTER DECEMBER PRICES IN KINSHASA SLIPPED BACK A BIT FROM THEIR 1977 HIGHS. JANUARY SHOWED A SLIGHT IMPROVEMENT, FOLLOWED BY A RISE AGAIN IN FEBRUARY. AS THE HARVEST FROM BANDUNDU, KINSHASA'S MAJOR SUPPLY REGION, BEGAN TO COME IN IN MARCH, PRICES TOOK A SHARP DROP--TO THE LOWEST LEVEL SINCE JULY-AUGUST 1977.

HOWEVER, THE CONTINUING RELATIVELY HIGH PRICES FOR BASICS SUCH AS BREAD, REIC, AND MANIOC CONTINUED TO IMPACT MOST HEAVILY ON THE LOWEST PAID WORKERS.

		PERCENT	PERCENT		
	JAN 23	FEB 21	MARCH 21	CHANGE	CHANGE
INCOME GROUP	1978	1978	1978	MAR 77-	DEC 77-
			MAR 78	MAR 78	

HIGH	249.9	262.2	228.7	37.6	-13.7
------	-------	-------	-------	------	-------

MIDDLE	258.8	276.7	247.7	60.6	-10.2
--------	-------	-------	-------	------	-------

LOW	287.1	306.4	273.9	63.3	-10.7
-----	-------	-------	-------	------	-------

REVISED LOW	282.8	302P	275.9	-	-12.9
-------------	-------	------	-------	---	-------

3. COMMENT: DESPITE THE RATHER LARGE SIZE OF THE MARCH PRICE DROP, WE EXPECT THIS TO BE ONLY A TEMPORARY PHENOMENON. WHILE THE HARVEST FROM BANDUNDE IS NEAR NORMAL IN SIZE, OTHER NEIGHBORING AREAS, INCLUDING BAS ZAIRE WHICH SUPPLIES PART OF KINSHASA'S NEEDS, HAVE BEEN HARD HIT BY THE LACK OF RAIN DURING THE 1977-78 RAINY SEASON. MUCH OF SOUTHWESTERN ZAIRE HAD DROUGHT FROM DECEMBER 25 UNTIL MARCH 28, DESTROYING MOST OF THE MANIOC CROP IN THE AREA. BLIGHT CONTINUES TO BE A PROBLEM, AND MEALY BUGS ARE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KINSHA 04246 291925Z

EVEN MORE HARMFUL TO THE DROUGHT-WEAKENED CROP. THE PERSISTENT GROWTH OF KINSHASA'S POPULATION ALONG WITH THE LIMITED AVAILABILITY OF FOREIGN EXCHANGE TO FINANCE FOOD IMPORTS COMBINE TO PUT ALMOST IRRESISTIBLE UPWARD PRESSURE ON CONSUMER PRICES. FURTHER, THE DIFFICULTIES ENCOUNTERED BY THE BREWERIES IN OBTAINING IMPORTED HOPS HAVE FORCED THEM TO TURN INCREASINGLY TO ADDITIONS OF SUGAR AND/OR RICE TO PRODUCT A DRINKABLE PRODUCT. AS A RESULT, SUGAR HAS EFFECTIVELY DISAPPEARED FROM THE LOCAL MARKET AND DOMESTIC RICE HAS BECOME DIFFICULT TO OBTAIN AS WELL. THESE PRESSURES CAN BE EXPECTED TO GROW STRONGER AS THE YEAR CONTINUES, AND, WITHOUT EITHER A DRAMATIC INCREASE IN THE PERCENTAGE OF IMPORT LICENSES GRANTED FOR BASIC FOOD IMPORTS--AS OPPOSED TO LUXURIES SUCH AS CHANPAGNE AND CHEESE--OR LARGE SCALE FOOD ASSISTANCE FROM THE DEVELOPED WORLD, THE AVERAGE ZAIRIAN, ESPECIALLY IN KINSHASA, CAN EXPECT INCREASES IN THE PRICE OF FOODSTUFFS OF THE SAME MAGNITUDE AS THOSE WITNESSED DURING THE PAST TWO YEARS.

CUTLER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRICE TRENDS, QUARTERLY REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINSHA04246
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780185-0089
Format: TEL
From: KINSHASA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978042/aaaaabeb.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f875bca7-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 77 KINSHASA 11429
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2856648
Secure: OPEN
Status: NATIVE
Subject: DOMESTIC PRICE TRENDS-QUARTERLY REVIEW
TAGS: ECON, EGEN, EALR, CG
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f875bca7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014